# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:1109
ANSWERED ON:24.11.2000
EXTERNAL COMMERCIAL BORROWINGS
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**Will the Minister of FINANCE be pleased to state:**

(a) whether Reserve Bank of India has encouraged the prepayment of External Commercial Borrowings by Indian borrowers ;

(b) if so, the impact of prepayment of ECBs on Indian economy, in particular on the foreign exchange value of the Indian rupee ;

(c) whether RBI monitors the prepayments of ECBs ;

(d) if so, the details of prepayment made on ECBs during the last three months ; and

(e) the other steps proposed to be taken to carefully monitor the foreign exchange management ?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL )

(a) As of now, Reserve Bank of India processesprepayment proposals at the request of borrowers as per existing External Commercial Borrowing policies.

(b) Any prepayment of External Commercial Borrowingsadds to the demand for foreign exchange. Therefore, prepayments would contribute to the demand for foreign exchange and to that extent may have an impact in the foreign exchange market.

(c) Yes, Sir.

(d) Details of prepayment of outstanding ECBs during the last three months are as under :-

| Months | Amount in USD million |
|---|---|
| August 2000 end | 0.17 |
| September 2000 end | 5.00 |
| October 2000 end | 1.20 |

(e) The Reserve Bank of India monitors developments in financial markets and takes such steps as may be necessary in the area of foreign exchange management.